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TO AMEMBASSY TOKYO

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E.O. 11652: GDS

TAGS: PFOR JA

SUBJECT: PLANNING TALKS PAPER ON KOREA

1. DISCUSSION PAPER ON KOREA FOR US-JAPAN PLANNING TALKS
FOLLOWS. REQUEST EMBASSY PASS TO PLANNING DIRECTOR KAGAMI.
2. WE LOOK FORWARD TO AMBASSADOR HODGSON'S PARTICIPATION IN
THE TALKS. AGENDA REMAINS AS INDICATED IN OUR LAST EXCHANGE
EXCEPT THAT WE ARE ACCOMMODATING THE FOREIGN OFFICE REQUEST
TO TAKE UP THE KOREAN ITEM FIRST. WE WILL DEPART FOR
CHARLOTTESVILLE ON MARCH 26 AT 10:15 A.M., RETURNING TO
DEPARTMENT FOR 8TH FLOOR LUNCHEON ON MORNING OF 28TH.
AMBASSADOR YASUKAWA PLANS TO HOST BUFFET DINNER FOR
DELEGATIONS ON EVENING OF MARCH 25.
3. KOREA PAPER FOLLOWS: (CLASSIFICATION OF PAPER IS
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(BEGIN UNDERLINE) KOREA: LONG-TERM TRENDS ON THE

PENINSULA AND THEIR IMPLICATIONS FOR US AND JAPANESE POLICY (END UNDERLINE) (THIS PAPER REPRESENTS THE INDIVIDUAL VIEWS OF A MEMBER OF THE DEPARTMENT OF STATE PLANNING STAFF. IT HAS NOT BEEN FORMALLY CLEARED WITHIN THE DEPARTMENT.)

THIS PAPER ADDRESSES TWO QUESTIONS:

(1) WHAT ARE THE MAJOR SIGNIFICANT TRENDS WITH RESPECT TO THE INTERACTION OF THE MAJOR POWERS ON THE KOREAN PENINSULA, THE DOMESTIC AND FOREIGN POLICIES OF THE TWO KOREAN STATES, AND THEIR RELATIONS WITH ONE ANOTHER?

(2) WHAT ARE THE PRINCIPAL POLICY ISSUES THESE TRENDS POSE FOR THE UNITED STATES AND JAPAN?

SOME OF THE PROPOSITIONS MAY BE SLIGHTLY OVERSTATED FOR PURPOSES OF STIMULATING DISCUSSION.

I. (UNDERLINE) EMERGING TRENDS

A. (UNDERLINE) GREAT POWER INVOLVEMENT IN KOREA. (END UNDERLINE)

THE IMPORTANT TRENDS INCLUDE THE FOLLOWING:

--(UNDERLINE) THE UNITED STATES (END UNDERLINE) IS ENCOUNTERING LIMITATIONS ON ITS ABILITY TO PROVIDE SUPPORT TO SOUTH KOREA. IN THE CONGRESS, IN THE PRESS, AND WITHIN INFLUENTIAL SEGMENTS OF THE AMERICAN INTELLECTUAL COMMUNITY THERE IS INCREASING SKEPTICISM ABOUT THE VALUE OR NECESSITY OF US SECURITY COMMITMENTS TO THE REPUBLIC OF KOREA. AMONG THE ELECTORATE AND MEMBERS OF THE CONGRESS, MEMORIES OF THE KOREAN WAR ARE FADING; EMOTIONAL BONDS WITH THE KOREAN PEOPLE HAVE BECOME SOMEWHAT MORE DETACHED. THE INFLUENCE OF CONGRESSIONAL CRITICS OF SOUTH KOREA HAS RISEN AS THE ROLE OF THE DEMOCRATIC CAUCUS WITHIN THE CONGRESS HAS GROWN IN IMPORTANCE. THERE HAS BEEN A CORRESPONDING DIMINUTION IN CONFIDENTIAL

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THE "CLOUT" OF MORE CONSERVATIVE COMMITTEE CHAIRMEN WHO ARE FAVORABLY DISPOSED TOWARD THE ROKG- HUMAN RIGHTS IS LIKELY TO REMAIN AN ISSUE. CONGRESS WILL BE INCREASINGLY TIGHTFISTED WITH AID FUNDS, MAY FORCE A TERMINATION OF GRANT MILITARY ASSISTANCE WITHIN THE NEXT SEVERAL YEARS, AND MAY ALSO ATTEMPT TO PROMOTE SOME CUTBACKS IN US OVERSEAS MILITARY DEPLOYMENTS, PARTICULARLY FROM ASIA; AND THAT MEANS KOREA.

WHILE THIS TREND SHOULD NOT BE EXAGGERATED, THE COMBINATION OF REAL CONSTRAINTS ON US ASSISTANCE, CRITICAL COMMENTS ABOUT SOUTH KOREA IN THE US MEDIA, AND SOUTH KOREA'S DETERMINATION TO ACHIEVE GREATER SELF-RELIANCE WILL DILUTE US INFLUENCE IN SEOUL OVER TIME. NONETHELESS, IN THE PERIOD IMMEDIATELY AHEAD THE SOUTH KOREANS WILL REQUIRE US DIPLOMATIC SUPPORT IN THE INTERNATIONAL COMMUNITY; THEY WILL HOPE TO SUSTAIN US FORCE DEPLOYMENTS ON THE PENINSULA AS LONG AS POSSIBLE; ACCESS TO THE US MARKET AND SOURCES OF INVESTMENT CAPITAL WILL REMAIN CRUCIAL TO THEIR DEVELOPMENT PLANS; TENUOUS RELATIONS WITH OTHER MAJOR POWERS IN EAST ASIA SHOULD ASSURE SEOUL'S CONTINUED ATTENTIVENESS TO THE PRESERVATION OF CLOSE TIES WITH THE UNITED STATES.

GEOLOGICAL CONSIDERATIONS, US SECURITY INTERESTS, HISTORIC MEMORIES, AND OUR INCREASING ECONOMIC LINKS WITH SOUTH KOREA LIKEWISE ASSURE THAT THE PRESERVATION OF CLOSE TIES WITH SEOUL WILL REMAIN AN IMPORTANT PRIORITY IN AMERICAN POLICY.

--(UNDERLINE) THE SOVIET UNION'S (END UNDERLINE) RELATIONS WITH NORTH KOREA REMAIN COOL. DPRK OFFICIAL STATEMENTS CONTAIN ONLY THINLY VEILED CRITICISMS OF A BROAD RANGE OF SOVIET POLICIES. KOREAN PROBLEMS REMAIN MATTERS OF SECONDARY CONCERN TO THE SOVIETS. THE RUSSIANS CONSIDER KIM IL-SONG'S ASPIRATIONS AS MARGINAL TO THEIR OWN INTERESTS. THEY ARE NOT PREPARED TO ASSUME RISKS ON THE NORTH'S BEHALF. SOVIET AID TO PYONGYANG HAS BEEN GRUDGING AND THE TERMS APPARENTLY HARD. OCCASIONALLY EVENHANDED TREATMENT OF THE TWO KOREAS IN THE SOVIET PRESS IS ONE IRRITANT. OVER THE NEXT SEVERAL YEARS SPORTS AND CONFIDENTIAL

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SCHOLARLY EXCHANGES BETWEEN MOSCOW AND SEOUL, TENTATIVELY INITIATED IN 1973, COULD BE RESUMED AND EXPANDED. FOR THE MOMENT THE SOVIETS EXHIBIT LITTLE INCLINATION TO MAKE GESTURES TO THE SOUTH, AND THEY APPEAR TO BE ALSO DISCOURAGING EAST EUROPEAN COUNTRIES--PARTICULARLY YUGOSLAVIA AND ROMANIA--FROM INTRODUCING "GIVE" INTO THEIR POLICIES TOWARD SEOUL. UNHAPPY WITH THE RUSSIANS, THE NORTH KOREANS STILL NEED THEM AS A SOURCE OF LEVERAGE ON CHINA, WITH WHOM THEY ALSO ARE EXPERIENCING DIFFICULTIES. THUS THE NORTH KOREANS HAVE INCENTIVES TO KEEP THE SOVIETS ENGAGED; FOR THEIR PART THE RUSSIANS WILL ATTEMPT TO OFFSET PYONGYANG'S CURRENT "TILT" TOWARD PEKING.

--(UNDERLINE) CHINA (END UNDERLINE) CAN ILL AFFORD TO NEGLECT PYONGYANG'S INTERESTS GIVEN THE PROXIMITY OF NORTH

KOREA TO ITS MANCHURIAN INDUSTRIAL CENTERS AND ITS ROLE AS A BUFFER BETWEEN PEKING AND TOKYO. PEKING'S DOMINANT

OBJECTIVE REMAINS MINIMIZING SOVIET INFLUENCE ON THE PENINSULA, AND TO THIS END THEY WILL CONTINUE TO SEEK LEVERAGE VIS-A-VIS THE NORTH, MOST NOTABLY BY PROVIDING SUPPLIES OF CRUDE OIL. CHINESE AID LEVELS HAVE RISEN SHARPLY SINCE 1970 AND APPARENTLY INCLUDE A SUBSTANTIAL COMPONENT OF GRANT ASSISTANCE. THE CHINESE APPEAR EAGER TO SERVE AS AN INDIRECT CONDUIT FOR SOME HIGH TECHNOLOGY EQUIPMENT FROM THE WEST.

NEVERTHELESS, PEKING'S INFLUENCE ON THE NORTH IS CLEARLY LIMITED, AND THEIR RELATIONS ARE NOT WITHOUT STRAIN. THE EVOLUTION OF THE UN COMMAND ISSUE IN THE GENERAL ASSEMBLY LAST FALL SUGGESTS THE EXTENT OF PYONGYANG'S CURRENT ABILITY TO HOLD ITS COMMUNIST ALLIES IN LINE. AS THE NORTH DIVERSIFIES ITS INTERNATIONAL RELATIONSHIPS ITS NEED FOR DIPLOMATIC AND COMMERCIAL INTERMEDIARIES WITH THE OUTSIDE WORLD IS DECLINING.

TO DATE PEKING HAS REBUFFED ALL OF SOUTH KOREA'S EFFORTS TO ESTABLISH CONTACT, THOUGH RUMORS OF POSSIBLE INITIATIVES IN THIS DIRECTION EXIST. ONE CAN CONCEIVE OF SEVERAL INCENTIVES FOR MODIFYING THIS POLICY IN THE FUTURE. PEKING MAY WISH TO USE CONTACTS WITH SEOUL TO ADMINISTER A CONFIDENTIAL

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STIFF PSYCHOLOGICAL BLOW TO TAIWAN. IF THE SOVIET UNION SHOULD RESUME CONTACTS WITH THE SOUTH, MOREOVER, THE CHINESE MAY FEEL COMPELLED TO COMPETE WITH THE RUSSIANS FOR INFLUENCE IN WHAT IS, AFTER ALL, THE LARGER AND MORE DYNAMIC OF THE TWO KOREAN STATES.

-- AS FOR (UNDERLINE) JAPAN (END UNDERLINE), WE EXPECT THAT THE GOJ WILL CONTINUE TO ACCORD PRIORITY TO SEOUL IN ITS POLICY TOWARD KOREA. BUT INCIDENTS IN THE PAST TWO YEARS HAVE PRODUCED A MORE DETACHED AND LESS "SPECIAL" RELATIONSHIP BETWEEN TOKYO AND SEOUL. UNOFFICIAL RELATIONS BETWEEN THE GOJ AND DPRK CONTINUE TO DEVELOP IN A GRADUAL WAY, BUT AT A SOMEWHAT REDUCED PACE. THESE TRENDS APPEAR LIKELY TO CONTINUE, WITH EMPHASIS IN THE SHORT TERM ON PUTTING GOJ RELATIONS WITH THE SOUTH BACK ON THE TRACK.

-- ALL THE MAJOR POWERS INCREASINGLY RECOGNIZE THEIR SHARED STAKE IN STABILITY ON THE KOREAN PENINSULA, BUT THE CAPACITY FOR JOINT OR COORDINATED ACTION BY THE MAJOR POWERS HAS NOT NECESSARILY INCREASED. BOTH NORTH AND SOUTH KOREA ARE ACTIVELY WORKING TO DIMINISH THEIR

DEPENDENCE ON THE MAJOR POWERS IN ORDER TO HEDGE AGAINST
OUTSIDE EFFORTS TO IMPOSE SOLUTIONS ON THEM. ALL OF THE
MAJOR POWERS POSSESS INCENTIVES TO ACKNOWLEDGE THE

REALITY OF TWO KOREAS. THE PRESSURES FOR EARLY ADJUSTMENTS
IN POLICY ARE NOT, HOWEVER, SYMMETRICAL, AND PYONGYANG HAS
DISPLAYED AN IMPRESSIVE CAPACITY TO MANIPULATE SINO-SOVIET
RIVALRY TO FORECLOSE OPENINGS BY EITHER TO SEOUL.

B.(UNDERLINE) THE KOREAN STATES.

1.(UNDERLINE) NORTH KOREA. (END UNDERLINE) THE NORTH HAS A
WELL DESERVED REPUTATION FOR BEING ONE OF THE MOST DOGMATIC,
BELLICOSE, AND INTRANSIGENT REGIMES IN THE WORLD. THEY
STILL HAVE FEW PEERS, BUT THERE ARE SOME INTERESTING
TRENDS.

-- THE BASIC GOALS OF THE KIM IL-SONG GOVERNMENT
REMAIN TWOFOLD: (1) TO STRENGTHEN NORTH KOREA IN ORDER TO
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EXERT AN INDEPENDENT LINE ON POLITICAL ISSUES, PROMOTE
GREATER ECONOMIC SELF-RELIANCE, ACHIEVE A GREATER MEASURE
OF MILITARY SELF-SUFFICIENCY, AND EXCLUDE FOREIGN
INFLUENCE FROM THE DETERMINATION OF KOREA'S FUTURE; AND
(2) TO IMPROVE ITS POSITION IN THE POLITICAL-DIPLOMATIC-
ECONOMIC COMPETITION WITH THE SOUTH, WHICH IT ULTIMATELY
HOPES TO DOMINATE.

--(UNDERLINE)CURRENT NORTH KOREAN STRATEGY (END
UNDERLINE) IN PURSUIT OF THESE GOALS APPEARS FOCUSED ON

-MAINTAINING THE SUPPORT OF MOSCOW AND PEKING, WHILE
MANIPULATING THEIR RIVALRIES TO NORTH KOREA'S ADVANTAGE.

-SECURING THE RAPID AND COMPLETE WITHDRAWAL OF US
FORCES FROM SOUTH KOREA.

-IMPROVING NORTH KOREA'S INTERNATIONAL STANDING
VIS-A-VIS SOUTH KOREA (PARTICULARLY WITH THE SO-CALLED
THIRD WORLD).

-EXACERBATING POLITICAL UNREST IN THE SOUTH WHILE
PRESERVING THE OPTION OF DIRECT TALKS WITH THE PARK
GOVERNMENT.

-IMPROVING CAPABILITIES TO IMPLEMENT A BROAD RANGE OF
MILITARY AND PARAMILITARY OPTIONS AGAINST THE SOUTH.

-PUSHING THE CONSTRUCTION OF A MODERN INDUSTRIAL BASE,

INCLUDING MUNITIONS PLANTS.

-PREPARING FOR A SMOOTH SUCCESSION IN THE EVENT OF
KIM IL-SONG'S DEATH.

-- (UNDERLINE) ON THE DOMESTIC SCENE, (END UNDERLINE)
KIM IL-SONG'S POSITION APPEARS UNASSAILABLE. WHILE HE
RELIES HEAVILY ON A GROUP OF LONG-TERM ASSOCIATES THERE IS
NO INDICATION THEY ALONE OR IN COMBINATION COULD, OR WISH
TO, CHALLENGE HIS LEADERSHIP.

--(UNDERLINE) NORTH KOREA'S ECONOMIC EXPANSION (END
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UNDERLINE) HAS REGAINED MOMENTUM; THE ESSENTIAL GOALS OF
THE CURRENT ECONOMIC PLAN (1971-76) WILL PROBABLY BE
ACHIEVED. GRAIN PRODUCTION TARGETS SEEM WITHIN REACH.
RECENT ANNUAL INDUSTRIAL GROWTH SEEMS TO BE IN THE
10 TO 12 PERCENT RANGE WITH EMPHASIS ON THE EXPANSION OF
ELECTRIC POWER CAPACITY, METALLURGY, MACHINE BUILDING,
CEMENT, AND TEXTILES; AND ON THE DEVELOPMENT OF THE
RELATIVELY NEWER SECTORS OF PETROLEUM REFINING AND PETRO-
CHEMICAL PRODUCTION. DEFENSE INDUSTRIES CONTINUE TO EXPAND
RAPIDLY.

--(UNDERLINE) PYONGYANG HAS TURNED INCREASINGLY TO
THE WEST AS A SOURCE OF MODERN MACHINERY AND EQUIPMENT.
(END UNDERLINE) SINCE 1970 THE NORTH HAS SIGNED CONTRACTS
WITH FIRMS IN JAPAN AND THE WEST FOR \$600 MILLION WORTH OF
INDUSTRIAL PLANT AND RELATED EQUIPMENT. ONGOING NEGOTI-
ATIONS COULD INCREASE THESE PLANT IMPORTS SIGNIFICANTLY.
EVIDENCE OF GROWING NORTH KOREAN DEPENDENCE ON JAPAN AND
THE WEST IS ALSO BEGINNING TO SHOW UP IN THE TRADE FIELD.
IN 1973 NORTH KOREAN EXPORTS TO NON-COMMUNIST COUNTRIES
GREW BY NEARLY 55 PERCENT, ROUGHLY FOUR TIMES THE INCREASE
REGISTERED WITH COMMUNIST COUNTRIES. NORTH KOREA IS ALSO
INCREASING FOOD IMPORTS FROM FRANCE, CANADA, AND ARGENTINA.
THESE TENDENCIES SHOULD BE REINFORCED BY NORTH KOREA'S
GROWING ACCESS TO THE WESTERN WORLD, BY THE CONTINUED GROWTH
OF ITS ECONOMY (PARTICULARLY THE EMERGENCE OF EXPORT-
ORIENTED INDUSTRIES), AND BY THE EXPANSION OF ITS
COMMERCIAL DIPLOMACY SUPPLEMENTED BY MORE INTENSIVE MARKET
RESEARCH AND IMPROVED DISTRIBUTION AND MARKETING FACILI-
TIES.

IN RECENT MONTHS PYONGYANG HAS FOUND IT DIFFICULT TO
FINANCE ADDITIONAL IMPORTS WITH MEDIUM TERM CREDITS, MAINLY
BECAUSE OF A FAILURE TO MEET SOME SCHEDULED REPAYMENTS
DURING 1974. THESE FINANCIAL DIFFICULTIES REFLECT A
SERIOUS NORTH KOREAN BALANCE OF PAYMENTS PROBLEM. PRICES

OF WESTERN CAPITAL EQUIPMENT AND INTEREST RATES ON THE
LOAN HAVE RISEN SHARPLY WHILE PRICES FOR SUCH MAJOR NORTH
KOREAN EXPORTS AS LEAD AND ZINC HAVE FALLEN. OTHERWISE
NORTH KOREA APPEARS TO HAVE ESCAPED THE DIRECT IMPACT OF
SOARING WORLD PRICE LEVELS AND PETROLEUM SHORTAGES.
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--(UNDERLINE) NORTH KOREA IS APPARENTLY DILUTING ITS
TIES WITH THE COMMUNIST WORLD. (END UNDERLINE) CHAIRMAN
KIM REGARDS NORTH KOREA AS A MEMBER OF THE THIRD WORLD AND
APPARENTLY WISHES TO HAVE HIS PRIMARY RELATIONSHIP WITH
DEVELOPING COUNTRIES RATHER THAN WITH HIS COMMUNIST
NEIGHBORS. THE NORTH HAS BEEN CONSOLIDATING ITS RELATIONS
FOR SOME TIME WITH MIDDLE EAST "RADICALS," SUCH AS LIBYA,
ALGERIA, SYRIA, IRAQ; AND KIM PRESUMABLY FINDS SUCH ACTION
ORIENTED, "ANTI-IMPERIALISTS" CONGENIAL ASSOCIATES. ONE
CAN EXPECT THE NORTH TO EMPHASIZE ITS CREDENTIALS AS A
LEADER WITHIN THE THIRD WORLD CAMP, AND TO UTILIZE ITS
IMPROVING RELATIONSHIP WITH THE LEADERS OF THE THIRD WORLD
MAJORITY IN VARIOUS INTERNATIONAL INSTITUTIONS FOR THE
PURPOSE OF PLACING SOUTH KOREA INCREASINGLY ON THE
DEFENSIVE AND CASTING THEM IN THE ROLE OF INTERNATIONAL
"PARIAH."

--(UNDERLINE) THE NORTH IS RAPIDLY ESCAPING ITS PAST
INSULARITY, IS REDRESSING THE NORTH/SOUTH DIPLOMATIC
BALANCE THAT ONCE LEANED HEAVILY IN SEOUL'S DIRECTION, AND,
UPON OCCASION, IS DISPLAYING A RATHER SUBTLE DIPLOMATIC
TOUCH. (END UNDERLINE) SEVENTY-TWO COUNTRIES HAVE NOW
ESTABLISHED DIPLOMATIC RELATIONS OR HAVE ANNOUNCED THEIR
INTENTION TO ESTABLISH RELATIONS WITH NORTH KOREA--MOST
RECENTLY SWITZERLAND AND AUSTRIA. (COMPARED TO 93 WHICH
RECOGNIZE THE ROK.) SEVEN NOW ALLOW THE NORTH TO MAINTAIN
TRADE OFFICES. FRANCE IS PLANNING TO UPGRADE NORTH KOREA'S
STATUS WHILE FOREGOING DIPLOMATIC TIES FOR THE TIME BEING.
OTHER KEY EUROPEAN COUNTRIES--THE ITALIANS, THE DUTCH, THE
BELGIANS, AND THE WEST GERMANS--ARE HOLDING OUT FOR
RECIPROCAL GESTURES BY COMMUNIST COUNTRIES TOWARD SEOUL.
THEIR PATIENCE MAY NOT PROVE AS DURABLE AS THE EAST
EUROPEANS. THEREFORE, ONE CANNOT FORECLOSE FURTHER
EROSION OF THE SOUTH'S POSITION OVER THE NEXT FEW YEARS.

--(UNDERLINE) NORTH KOREA CONTINUES TO DEVELOP ITS
CAPABILITIES FOR WAR AND MILITARY MEASURES SHORT OF WAR.
(END UNDERLINE) ITS STEADY PROGRAM OF FORCE MODERNIZATION
CONTINUES, AND THE DPRK IS SEEKING TO BECOME MORE SELF-
RELIANT IN DEFENSE. ALREADY SELF-SUFFICIENT IN THE
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PRODUCTION OF SOME SMALL ARMS, AUTOMATIC WEAPONS, MORTARS, ROCKET LAUNCHERS, AND AMMUNITION; PYONGYANG HAS BEGUN TO MANUFACTURE ARMORED PERSONNEL CARRIERS, MEDIUM ARTILLERY, AND A GOOD BIT OF ITS NAVAL EQUIPMENT. THE NORTH REMAINS HEAVILY DEPENDENT ON THE USSR AND CHINA FOR SOPHISTICATED WEAPONS SYSTEMS, HOWEVER, ESPECIALLY AIRCRAFT AND AIR DEFENSE EQUIPMENT. AT THE SAME TIME IT HAS BEEN SOLICITING

WESTERN BIDS FOR EQUIPMENT SUITABLE FOR MILITARY USE, E.G. COMMUNICATIONS AND TRANSPORT. THIS EFFORT TO OPEN UP ACCESS TO NEW SOURCES OF MILITARY SUPPLY IS ADDITIONAL EVIDENCE OF NORTH KOREA'S DESIRE TO DIMINISH ITS RELIANCE UPON ITS COMMUNIST NEIGHBORS. CURRENT EFFORTS TO CONSTRUCT OIL STORAGE FACILITIES WILL REDUCE SOMEWHAT PYONGYANG'S FUTURE DEPENDENCE ON ITS ALLIES FOR POL IN A CRISIS; BUT, OF COURSE, THE NORTH CANNOT EXPECT TO DIMINISH ITS RELIANCE ON IMPORTS OF CRUDE OIL.

--(UNDERLINE) NORTH KOREA REMAINS UNLIKELY TO INITIATE ANOTHER INVASION OF SOUTH KOREA, AND THE CONSTRAINTS ON NORTH KOREA ADVENTURISM WILL GROW WITH TIME. (END UNDERLINE)
THE SOUTH IS MOVING TO ELIMINATE ITS INFERIORITY IN AIR STRENGTH. SEOUL ALREADY POSSESSES SOME CAPACITY FOR LIMITED STRATEGIC RETALIATION AGAINST NORTHERN CITIES. AS THE NORTH INDUSTRIALIZES, ITS STAKE IN AVOIDING THE RISKS INVOLVED IN MILITARY CONFLICTS WILL PRESUMABLY INCREASE. A GROUND INVASION AIMED AT SEOUL WOULD PRESENT EXTRAORDINARY DANGERS AND UNCERTAINTIES. EVEN A MORE LIMITED EFFORT TO SEIZE THE WESTERN ISLANDS WOULD RAISE POSSIBILITIES OF US INVOLVEMENT AND ROK COUNTER MOVES AT TIMES AND PLACES OF ITS OWN CHOOSING; OVER TIME THE SOUTH WILL CONTINUE TO IMPROVE ITS CAPACITY TO DEFEND THOSE EXPOSED OUTPOSTS. A RENEWED INFILTRATION CAMPAIGN BY THE NORTH WOULD PRESENT FEWER RISKS AND MIGHT PROMISE SOME DIVIDENDS IN THE CONTEXT OF THE CURRENT POLITICAL RESTIVENESS IN THE SOUTH. BUT THE EXPERIENCE OF THE LATE SIXTIES HARDLY CONFIRMS THE SOUTH'S VULNERABILITY TO SUBVERSION OR NORTHERN SKILL IN ITS PROMOTION.

2. (UNDERLINE) SOUTH KOREA

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--(UNDERLINE) AT PRESENT SOUTH KOREA'S RELATIVE ECONOMIC STABILITY AND VITALITY IS IMPRESSIVE. (END UNDERLINE) HIGH ECONOMIC GROWTH IS LIKELY TO CONTINUE, THOUGH

AT A SOMEWHAT SLOWER PACE. EVEN WITH A MODERATE RATE OF GROWTH THE SOUTH'S GNP SHOULD EXCEED \$20 BILLION BY 1980. WITH EXPORTS BY THAT TIME OF PERHAPS \$10 BILLION ANNUALLY IT WILL TAKE ITS PLACE AS A TRADING NATION OF GLOBAL CONSEQUENCE. PER CAPITA INCOME COULD RISE TO \$1,000. IN SHORT, THE SOUTH IS NO LONGER AN LDC. IT IS A MIDDLE CLASS STATE ENJOYING BRIGHT PROSPECTS, BUT ALSO BURDENED WITH THE PECULIAR PROBLEMS OF A TRANSITIONAL SOCIETY AND ECONOMY. ITS STRENGTHS DERIVE FROM AN EFFICIENT HIGH LABOR FORCE, AN EFFECTIVE TECHNOCRACY, CLOSE GOVERNMENT-BUSINESS RELATIONS, AND REASONABLE DEGREE OF POLITICAL STABILITY.

THERE ARE ALSO VULNERABILITIES. THE SOUTH IS SHORT OF NATURAL RESOURCES. ITS DEVELOPMENT PLANS ARE DEPENDENT ON FOREIGN INVESTMENT. LABOR DISCONTENT IS A POTENTIAL PROBLEM. PROTECTIONIST PRESSURES EXIST IN SEVERAL KEY MARKETS. POLITICAL UNCERTAINTIES CLOUD THE FOREIGN INVESTMENT PICTURE. ROCKY RELATIONS WITH JAPAN COULD INHIBIT BOTH TRADE AND INVESTMENT WITH THEIR MOST NATURAL ECONOMIC PARTNER. ROK GROWTH PROSPECTS ALSO REMAIN HEAVILY DEPENDENT ON WORLD ECONOMIC FORCES OVER WHICH THE SOUTH KOREANS EXERT LITTLE CONTROL. INCREASES IN THE COSTS OF ENERGY AND OTHER MAJOR IMPORTS AND SHARPLY REDUCED US AND JAPANESE DEMAND FOR KOREAN EXPORTS HAVE COMBINED FOR AT LEAST THE SHORT TERM TO CREATE A SERIOUS BALANCE OF PAYMENTS PROBLEM AND A SLOW DOWN IN ECONOMIC GROWTH. DUE TO DEPRESSED EXPORTS, THE ROKG MAY HAVE TO FINANCE A CURRENT ACCOUNT DEFICIT OF APPROXIMATELY \$2.4 BILLION THIS YEAR, \$1 BILLION MORE THAN OFFICIALLY FORECAST. NEVERTHELESS, BORROWING POSSIBILITIES REMAIN REASONABLY GOOD, ASSUMING NO LOSS OF FOREIGN INVESTOR CONFIDENCE DUE TO PRECIPITATE REDUCTION IN FOREIGN EXCHANGE OR TO POLITICAL TURBULENCE. THE 7 PERCENT GNP GROWTH WHICH THE GOVERNMENT PREDICTS FOR THIS YEAR WILL BE DIFFICULT TO ACHIEVE WITHOUT CONSIDERABLE IMPROVEMENT IN THE US AND JAPANESE MARKETS.

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BOTH THE STRENGTHS AND VULNERABILITIES OF THE SOUTH KOREAN ECONOMY ARE ENCOURAGING A SUBSTANTIAL EFFORT TO DIVERSIFY TRADING PATTERNS AND ECONOMIC RELATIONSHIPS--TO REDUCE THE CURRENT DEGREE OF DEPENDENCE ON THE US AND JAPAN, TO ASSURE ACCESS TO ESSENTIAL SUPPLIERS OF CRITICAL MATERIALS AND ENERGY, TO CAPITALIZE ON THE ROK'S GROWING COMPETITIVENESS IN THE EXPORT OF MANUFACTURED GOODS, AND TO BUTTRESS ITS EFFORTS TO COMPETE WITH THE NORTH FOR RECOGNITION AND INFLUENCE IN THE INTERNATIONAL COMMUNITY.

--(UNDERLINE) THERE ARE STRESSES IN SOUTH KOREAN POLITICS WHICH POSE EVIDENT PROBLEMS TO STABILITY OVER THE NEXT SEVERAL YEARS. (END UNDERLINE) PARK EXERTS FIRM CONTROL OVER THE INSTRUMENTS OF AUTHORITY, PARTICULARLY THE KOREAN MILITARY ESTABLISHMENT. HE HAS MAINTAINED AND EXERCISED THE HIGHLY CENTRALIZED POWERS WHICH HE ASSUMED FOR HIMSELF AFTER IMPOSING MARTIAL LAW IN LATE 1972. NEVERTHELESS, HE HAS BEEN UNABLE TO DEAL EFFECTIVELY WITH MINORITY DISCONTENT WITH HIS METHOD OF RULE. THE 1974 EMERGENCY MEASURES FAILED TO INHIBIT MORE THAN TEMPORARILY THE DEMAND FOR CONSTITUTIONAL REFORM THEY WERE INTENDED TO CHECK. DOMESTIC AND INTERNATIONAL CRITICISM FORCED PARK TO RELEASE THE MAJORITY OF THE OPPONENTS WHOM HE HAD IMPRISONED. HIS EASY VICTORY IN THE NATIONAL REFERENDUM

HAD NO POSITIVE IMPACT ON THE ATTITUDE OF HIS DOMESTIC OPPONENTS. WHILE PARK MAY PRESENTLY BE IN A MOOD TO MAKE SOME CONCILIATORY STEPS, HIS DOMESTIC CRITICS CONTINUE TO PRESS FOR THE ABANDONMENT OF THE YUSHIN CONSTITUTIONAL SYSTEM. UNDER THESE CIRCUMSTANCES, THE DOMESTIC POLITICAL TENSION OF THE PAST 18 MONTHS WILL CONTINUE. PARK WILL BE UNABLE TO SILENCE HIS DOMESTIC OPPONENTS WITHOUT RESORTING TO COERCIVE MEASURES, WHILE HIS CRITICS WILL BE UNABLE EITHER TO FORCE HIM INTO ADOPTING THE POLITICAL CHANGES THEY DESIRE OR TO MAKE HIM STEP DOWN.

THE KOREAN POPULATION APPEARS NO LONGER SO TOLERANT OF THE AUSTERITY AND DISCIPLINE WHICH IT ACCEPTED DURING THE "DEVELOPMENT DECADE." A BURGEONING MIDDLE CLASS, A VASTLY ENLARGED STUDENT GENERATION, AN EDUCATED ELITE IMBUED WITH A CHRISTIAN ETHIC, AND A LABOR FORCE RESTIVE

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AND FACING MORE SERIOUS UNEMPLOYMENT PROBLEMS ARE ALL DISPOSED TO SEEK GREATER PROFESSIONAL AUTONOMY AND MORE SUBSTANTIAL PARTICIPATION IN POLITICAL DECISIONS. PARK IS OBSESSED WITH THE DANGERS OF FACTIONALISM AND MAY REVERT TO PAST TECHNIQUES AND POWER MANIPULATION WHICH ARE LESS AND LESS ACCEPTABLE, WHICH DRIVE THE OPPOSITION TO EXTREMES, WHICH INDUCE UNCOMPROMISING RESPONSES FROM THE OPPOSITION, AND WHICH PRESENT THE DANGER OF PAINFUL AND BLOODY STAGES IN SOUTH KOREA'S FUTURE POLITICAL EVOLUTION.

--(UNDERLINE) IN FOREIGN POLICY, PRESIDENT PARK HAS PROVED TO BE RATHER FLEXIBLE IN ADAPTING TO AN ERA OF DETENTE, IN ACCEPTING (AT LEAST PROVISIONALLY) THE REALITY OF TWO KOREAS, AND IN STIMULATING A NORTH/SOUTH DIALOGUE. (END UNDERLINE) BUT DESPITE THIS FLEXIBILITY THE SOUTH KOREANS PERCEIVE THEIR POSITION IN THE WORLD AS DETERIORATING. THE SOUTH ALSO HARBORS DOUBTS ABOUT THE RELIABILITY

OF OUTSIDE POWERS. THE UNGA IS BEGINNING TO TILT DANGEROUSLY TOWARD NORTH KOREAN-INSPIRED RESOLUTIONS. THE CHINESE AND RUSSIANS ARE UNRESPONSIVE TO THEIR OVERTURES; THE JAPANESE ARE VIEWED WITH SUSPICION; THERE ARE SOME ANXIETIES ABOUT US RELIABILITY. THUS THE ROK WILL DOUBTLESS HEDGE BY SEEKING TO ENHANCE ITS SELF-RELIANCE. THERE ARE THE AFOREMENTIONED EFFORTS TO DIVERSIFY TRADE OUTLETS, OIL AND RAW MATERIAL REQUIREMENTS, THE NEED TO SUSTAIN SUPPORT IN THE UN AND OTHER INTERNATIONAL INSTITUTIONS, AND HOPES OF COUNTERING THE DPRK'S DIPLOMATIC EFFORTS IN VARIOUS THIRD COUNTRIES ARE PROPELLING THE SOUTH KOREANS INTO INTENSIFIED DIPLOMATIC EFFORTS TO CURRY FAVOR WITH MIDDLE EAST AND AFRICAN COUNTRIES. THERE ARE EFFORTS TO

DEVELOP A SOPHISTICATED DEFENSE INDUSTRY AND TO OBTAIN ACCESS TO NEW EXTERNAL SOURCES OF MILITARY SUPPLY-- PARTICULARLY FRANCE AND THE UNITED KINGDOM.

3. (UNDERLINE) NORTH/SOUTH RELATIONS.

--(UNDERLINE) THE TALKS BETWEEN NORTH AND SOUTH KOREA ARE GOING NOWHERE AND THE SHORT TERM PROSPECTS FOR IMPROVEMENT ARE NOT BRIGHT. (END UNDERLINE) PYONGYANG HAS DISPLAYED LITTLE INTEREST IN ADVANCING SUBSTANTIVE DISCUSSIONS
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FOR MORE THAN A YEAR. ITS GENERAL APPROACH TO THESE DISCUSSIONS REMAINS DIAMETRICALLY OPPOSED TO THE SOUTH. INITIALLY IT MAY HAVE EXPECTED THAT THE APPEARANCE AT LEAST OF NORTH/SOUTH DETENTE WOULD FACILITATE EFFORTS TO DIS-ENGAGE THE UN FROM THE KOREAN PROBLEM, SECURE EXPEDITIOUS WITHDRAWAL OF US FORCES FROM THE PENINSULA, AND OBTAIN OPPORTUNITIES TO SOFTEN UP THE POLITICAL SITUATION IN THE SOUTH. SUCH HOPES--IF THEY WERE ENTERTAINED--HAVE NOT BEEN REALIZED. THE UN COMMAND IS STILL INTACT, US TROOPS REMAIN, AND THERE IS LITTLE EVIDENCE THAT THE NORTH'S POLITICAL SYSTEM EXERTS ANY MAGNETIC ATTRACTION ON THE SOUTHERN POPULACE. THE POLITICAL DISARRAY IN THE SOUTH PROVIDES PYONGYANG WITH A READY EXCUSE FOR STALLING ON NORTH/SOUTH DISCUSSIONS, AND THEY PERSIST IN ISSUING GRATUITOUS AND ARROGANT CONDITIONS FOR THE RESUMPTION OF SUBSTANTIVE DISCUSSIONS.

PRESIDENT PARK WAS ALWAYS WARY OF THESE DISCUSSIONS. THE AUGUST 15 ASSASSINATION OF MADAME PARK, THE WESTERN ISLANDS EPISODE, AND THE APPARENT NORTH KOREAN TUNNELING IN THE DMZ ALL TEND TO CONFIRM PRESIDENT PARK'S SUSPICIONS, AS DO NORTH KOREA'S PUBLIC CALLS FOR THE PRESIDENT'S OVERTHROW. INSOFAR AS DOMESTIC SUPPORT FOR PRESIDENT PARK REMAINS SHAKY, HE WILL HAVE A CONTINUING INCENTIVE TO

EMPHASIZE THE "NORTHERN THREAT." IN ANY EVENT, THE ROKG IS ANXIOUS TO STRENGTHEN ITS OWN NEGOTIATING POSITION BY COMPLETING THE FOURTH 5-YEAR ECONOMIC PLAN (1972-76) BEFORE GETTING INTO SUBSTANTIVE ISSUES WITH THE NORTH.

-- DESPITE THE VITUPERATIVE PROPAGANDA EXCHANGES AND THE MORIBUND STATE OF NORTH/SOUTH DISCUSSIONS, (UNDERLINE) THE DOMINANT EMPHASIS IN THEIR RELATIONS IS SHIFTING AWAY FROM MILITARY CONFRONTATION TO POLITICAL AND DIPLOMATIC COMPETITION. (END UNDERLINE) THE NORTH HAS EMERGED WITH MORE IMPRESSIVE CREDENTIALS FOR THAT COMPETITION THAN WAS LIKELY JUST A SHORT TIME AGO. IRONICALLY, THE SUCCESS OF PYONGYANG'S DIPLOMATIC OFFENSIVE--AIDED BY SEOUL'S ACCEPTANCE IN 1972 OF THE DUAL RECOGNITION PRINCIPLE AS

WELL AS BY THE NORTH'S LARGESSE IN ECONOMIC AND MILITARY AID TO AFRICANS AND ARABS--PRESENTS THE COMMUNISTS WITH A CONFIDENTIAL

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PROBLEM. NORTH KOREA'S SEARCH FOR WIDER DIPLOMATIC RECOGNITION IS RESULTING IN WIDER INTERNATIONAL ACKNOWLEDGEMENT OF THE REALITY OF TWO KOREAS EVEN THOUGH KIM IL-SONG REMAINS A RELENTLESS ADVOCATE OF REUNIFICATION. PERHAPS THE EXPLANATION FOR THIS SEEMING CONTRADICTION IS NORTH KOREA'S PRAGMATISM; IT IS EASIER TO GET ESTABLISHED IN THIRD WORLD CAPITALS IF THE HOSTS ARE NOT FIRST REQUIRED TO SACRIFICE AN EXISTING, AND FREQUENTLY PROFITABLE, RELATIONSHIP WITH SEOUL. ALTERNATIVELY, THE NORTH MAY CALCULATE THAT THEIR BEST BET IS TO ESTABLISH THEMSELVES ABROAD AS QUICKLY AS POSSIBLE IN ORDER TO BEGIN UNDERCUTTING THEIR SOUTHERN COMPETITORS, ULTIMATELY HOPING TO RELEGATE SEOUL TO A STATUS OF RELATIVE INTERNATIONAL ISOLATION. IN THIS REGARD THEIR REACH UNDOUBTEDLY EXCEEDS THEIR GRASP.

--(UNDERLINE) OVER TIME THE MAJOR SECURITY PROBLEM ON THE PENINSULA IS SHIFTING AWAY FROM AN INTENTIONAL RESUMPTION OF MILITARY HOSTILITIES TO THE MORE INDIRECT DANGERS OF AN ACCELERATED ARMS RACE. (END UNDERLINE) BOTH NORTH AND SOUTH KOREA ARE UPGRADING THEIR DEFENSES. BOTH ARE SPENDING A SUBSTANTIAL PERCENTAGE OF THEIR BUDGETS ON DEFENSE. BOTH ARE SEEKING HIGH TECHNOLOGY EQUIPMENT. EACH IS SEEKING TO DIVERSIFY ITS SOURCES OF MILITARY SUPPLY. BOTH REVEAL AN INTENSE INTEREST IN AIR AND MISSILE WEAPONS. NEITHER IS IN A POSITION TO DEVELOP SUCH WEAPONS BY THEMSELVES AT THIS TIME WITHOUT CONSIDERABLE OUTSIDE ASSISTANCE. BOTH CAN CITE LEGITIMATE AIR AND NAVAL DEFENSE REQUIREMENTS FOR HIGH PERFORMANCE AIR AND MISSILE DEFENSE WEAPONS, BUT MANY OF THESE WEAPONS SYSTEMS CARRY AN INHERENT OFFENSIVE POTENTIAL AS WELL. THE ACTION-

REACTION CYCLE FAMILIAR IN OTHER ARMS RACES COULD OPERATE
IN THE KOREAN PENINSULA.

--(UNDERLINE) WHAT MIGHT CHANGE THIS OUTLOOK? (END
UNDERLINE) OSTENSIBLY THE NORTH AND SOUTH STILL HAVE SOME
THINGS IN COMMON. BOTH ACKNOWLEDGE AN INTEREST IN REUNIFI-
CATION; CLEARLY THIS IS OUT OF THE QUESTION FOR THE
INDEFINITE FUTURE. DESPITE THE SHARED HISTORY, DESPITE
THEIR CULTURAL AND LINGUISTIC HOMOGENEITY, DESPITE SOME
COMMON POLITICAL ATTRIBUTES, DESPITE EVEN SOME EVIDENT
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SIMILARITIES IN POLICY ORIENTATION--FOR EXAMPLE, THE
EMPHASIS ON SELF-RELIANCE OR JUCH'E--THERE SEEMS NO CHANCE
OF MOVEMENT TOWARD REUNIFICATION EXCEPT THROUGH A PROLONGED
PROCESS OF PEACEFUL COEXISTENCE. THERE ARE MANY OBSTACLES
TO EVEN THE LATTER, INCLUDING THE LEGACY OF FRATRICIDAL WAR,

THE SHEER LOGIC OF COMPETITION, THE RELUCTANCE OF ESTAB-
LISHED GOVERNMENTS TO GIVE UP THE PREROGATIVES OF POWER
AND SOVEREIGNTY, THE BITTER ENMITY WHICH EXISTS BETWEEN
PARK AND KIM, THE IDEOLOGICAL AND STRUCTURAL DIFFERENCES
IN THE TWO SYSTEMS, AND THE DIVERGING FOREIGN POLICY
ORIENTATIONS WHICH ARE A FUNCTION BOTH OF THE COLD WAR
LEGACY AND THE RIVAL THIRD WORLD CONSTITUENCIES BEING
COURTED BY PYONGYANG AND SEOUL.

ONE OR MORE OF THE FOLLOWING DEVELOPMENTS HOWEVER
MIGHT YIELD A MORE OPTIMISTIC OUTLOOK. FIRST, A CHANGE OF
LEADERS IN NORTH AND/OR SOUTH KOREA MIGHT GIVE THE NORTH/
SOUTH RELATIONSHIP A NEW TWIST. SECOND, SOME MOVEMENT
TOWARD RAPPROCHEMENT BETWEEN THE SOVIET UNION AND CHINA
WOULD DIMINISH THE DEGREE TO WHICH NORTH KOREA CAN
MANIPULATE THEIR POLICIES TOWARD SOUTH KOREA. IN ADDITION,
USSR-PRC RECONCILIATION MIGHT GENERATE SUFFICIENT SHARED
FEARS IN SEOUL AND PYONGYANG TO PROVIDE A RENEWED IMPETUS
TO NORTH/SOUTH DETENTE. THIRD, SOME SUBSTANTIAL AND PRO-
LONGED ALLEVIATION OF THE SOCIAL AND POLITICAL TENSIONS IN
THE SOUTH WOULD PRESUMABLY DIMINISH NORTH KOREA'S
EXPECTATIONS THAT THEY CAN UNDERMINE THE LEGITIMACY OF THE
ROK THROUGH SUBVERSION, AND THIS IN TURN MIGHT ENHANCE
THEIR INCENTIVE TO CONTEMPLATE PEACEFUL COEXISTENCE WITH
THE SOUTH. FOURTH, WITH CONTINUING ECONOMIC PROGRESS IN
BOTH NORTH AND SOUTH, FEARS MAY DECLINE IN BOTH CAPITALS
THAT INTENSIVE CONTACT WITH ITS RIVAL WOULD PRESENT
DANGERS OF SUBVERSION. THUS WHILE THE SHORT RUN OUTLOOK
IS NOT TERRIBLY PROMISING, DEVELOPMENTS THAT MAY WELL
OCCUR IN THE NEXT SEVERAL YEARS COULD SIGNIFICANTLY
MITIGATE SOME OF THE CURRENT STRAINS IN NORTH/SOUTH
RELATIONS.

II. (UNDERLINE) POLICY IMPLICATIONS

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A. (UNDERLINE) INTERESTS AND OBJECTIVES (END UNDERLINE)

THE OVERRIDING INTEREST OF THE UNITED STATES IS TO
AVERT THE RECURRENCE OF HOSTILITIES ON THE KOREAN PENINSULA
WHILE PROMOTING A LOCAL BALANCE OF FORCES WHICH:

--ENCOURAGES RESTRAINT AND MODERATION BY BOTH NORTH
AND SOUTH;

--DIMINISHES THE RISK OF GREAT POWER CONFRONTATION;

--STABILIZES THE TERRITORIAL AND POLITICAL STATUS QUO
THROUGH BROADER INTERNATIONAL ACCEPTANCE OF THE REALITY
THROUGH BROADER INTERNATIONAL ACCEPTANCE OF THE REALITY

OF TWO KOREAS; WHILE LEAVING TO SEOUL AND PYONGYANG RESPONS-
IBILITY FOR DEFINING THE ULTIMATE CHARACTER OF THEIR
LONG-TERM RELATIONSHIP;

--ASSURES OUR CONTINUING POLITICAL ACCESS TO THE
PENINSULA.

WE ASSUME THESE AIMS ARE BROADLY SHARED BY THE
JAPANESE GOVERNMENT.

B. (UNDERLINE) POLICY ISSUES (END UNDERLINE)

IN THE LIGHT OF THESE INTERESTS WHAT NEW POLICY
PROBLEMS OR OPPORTUNITIES ARE POSED BY THE RECENT TRENDS
DESCRIBED ABOVE?

1. (UNDERLINE) THE INVOLVEMENT OF OUTSIDE POWERS. (END
UNDERLINE) CURRENT TRENDS SUGGEST THAT WHILE THE CONVERGING
INTERESTS OF THE MAJOR POWERS IN KOREA ARE SUBSTANTIAL
THEIR CAPACITY TO IMPOSE SOLUTIONS ON THE TWO KOREAN STATES
IS LIMITED.

NEVERTHELESS, WHAT STABILIZING MEASURES MIGHT BE
SOUGHT THROUGH COORDINATED ACTIONS?

(UNDERLINE) THE UN INVOLVEMENT. (END UNDERLINE)
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WHAT KIND OF ROLE SHOULD WE SEEK TO SUSTAIN FOR THE UN IN PRESERVING THE ARMISTICE AGREEMENT? WHAT OPPORTUNITIES ARE THERE FOR ASSISTING SOUTH KOREA TO REALIZE ITS AMBITION TO ACHIEVE FULL MEMBERSHIP IN THE UN?

(UNDERLINE) DIVERSIFICATION OF MAJOR POWER RELATIONS. (END UNDERLINE) THE UNITED STATES AND THE GOJ HAVE BEEN PREPARED FOR SOME TIME TO CONTEMPLATE RECIPROCAL GESTURES IF THE USSR AND PRC WOULD MAKE SOME MEANINGFUL MOVES TOWARD THE ROK. JUDGING FROM NORTH KOREAN ATTACKS ON THIS CONCEPT, THEY MUST FEAR THAT THE IDEA HAS SOME RESONANCE IN PEKING OR MOSCOW, OR BOTH. HOW CAN WE STIMULATE A FORTHCOMING RESPONSE FROM THE MAJOR COMMUNIST POWERS TO THIS IDEA? IS A BALANCED DIVERSIFICATION IN GREAT POWER POLITICAL AND COMMERCIAL RELATIONS WITH BOTH NORTH AND SOUTH KOREA ADVANTAGEOUS? WHAT ARE THE OBJECTIVES AND LIKELY FUTURE POLICIES OF MOSCOW AND PEKING IN THE PENINSULA? WHAT WOULD BE THE MAJOR CONSEQUENCES OF THEIR ESTABLISHMENT OF UNOFFICIAL OR OFFICIAL RELATIONS WITH SEOUL?

(UNDERLINE) ARMS CONTROL. (END UNDERLINE) DO ALL OF THE OUTSIDE POWERS SHARE AN INTEREST IN LIMITING THE SCOPE OF A NORTH/SOUTH ARMS RACE? ARE THERE OPPORTUNITIES TO STABILIZE THE NORTH/SOUTH BALANCE WITHOUT GIVING FURTHER IMPETUS TO THEIR COMPETITIVE QUEST FOR SOPHISTICATED MILITARY TECHNOLOGY?

2. (UNDERLINE) RELATIONS WITH THE SOUTH. (END UNDERLINE) IN THE SHORT TERM THE ISSUES IN THIS FIELD ARE FAMILIAR ONES. THEY INCLUDE US FORCE LEVELS, OUR STANCE VIS-A-VIS SOUTH KOREAN DOMESTIC POLITICS, AND TRADE AND INVESTMENT POLICIES. WE HAVE NO CURRENT PLANS TO WITHDRAW ADDITIONAL US FORCES, BUT CONGRESSIONAL PRESSURES AND THE CONTINUING GROWTH IN SOUTH KOREAN STRENGTH CREATE AN ATMOSPHERE IN WHICH FURTHER REDEPLOYMENTS WILL BE DEBATED IN THE UNITED STATES. OUR GROUND FORCES IN KOREA HAVE BECOME LESS ESSENTIAL FROM A MILITARY STANDPOINT; BUT THEY REMAIN AN IMPORTANT POLITICAL AND DIPLOMATIC FACTOR. WHAT ADJUSTMENTS, IF ANY, IN OUR MILITARY PRESENCE IN KOREA WOULD IN THE GOJ VIEW CONTRIBUTE TO PROMOTING STABILITY ON THE PENINSULA?

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WHAT IS THE GOJ ASSESSMENT OF THE SHORT AND MID-TERM POLITICAL STABILITY OF THE PARK GOVERNMENT? WHAT IS THE DOMESTIC MOOD IN JAPAN CONCERNING KOREA?

THE ROK REMAINS HEAVILY DEPENDENT ON THE UNITED STATES
AND JAPAN FOR TRADE AND INVESTMENT. WHAT WILL BE THE EFFECT
OF CONTINUING RESTRAINTS ON DEMAND IN JAPAN ON KOREAN
EXPORTS TO AND IMPORTS FROM JAPAN? HOW ARE RECENT TRENDS
AND JAPANESE RESOURCE DIPLOMACY AND ECONOMIC DEVELOPMENT
LIKELY TO IMPINGE ON GOJ INVESTMENT AND AID DECISIONS
VIS-A-VIS SOUTH KOREA? HOW DOES THE GOJ FORESEE SOUTH
KOREA EVOLVING ON KEY MULTILATERAL ISSUES SUCH AS TRADE,
ENERGY, AND FOOD?

3. (UNDERLINE) RELATIONS WITH THE NORTH. (END UNDERLINE)
WHAT ARE CURRENT GOJ EXPECTATIONS ABOUT THE FUTURE
EVOLUTION OF ITS RELATIONS WITH NORTH KOREA? INGERSOLL

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